

**TORONTO SENIORS HOUSING CORPORATION (TSHC)
External Directorship Policy**

Policy Owner:	
Approval By:	
First approved:	
Effective Date:	

Policy Summary

This policy provides guidelines for Management and the Board's Corporate Governance and Human Resources Committee Toronto (CGHRC) when approving requests from Staff wishing to act as a director for any corporation.

Policy Statement

Toronto Seniors Housing Corporation (TSHC) is interested in providing opportunities for professional and personal development of members of its Executive and Senior Management Team. These opportunities may include sitting as directors on external boards. The Governance Risk and Human Resources Committee is responsible for approving outside directorships of Executive Staff, except smaller non-profit directorships which the CEO approves. The CEO and Executive Team are responsible for approving any requests by Senior Managers of the Corporation.

Scope

This policy guides three levels of decisions:

1. Decisions of the CGHRC as it applies to members of the Executive Leadership Team with direct reporting to the CEO. The Committee will also consider requests made by the Chief Internal Auditor in consultation with the CAAC Chair.
2. Decisions and approval process of the Chief Executive Officer as it applies to approving smaller non-profits requests by Executive team; and

3. Decisions and approval process by Executive Team as it applies to members of the Senior Management Team. The Senior Management Team is defined as the direct reports to the Executive.

Policy Details

Employees applying for external directorships and those approving external directorships have various responsibilities related to assessing conflicts of interest and any risk to the Corporation as a result of such conflicts and the time away from TSHC duties that such directorships might require. This section details the responsibilities of employees and the approval body (CGHRC and Management).

Responsibilities of Employees

Prior to accepting any external directorship, employees must;

- a. Be fully aware of the requirements and obligations pertaining to external directorships,
- b. Familiarize themselves with potential conflicts of interests and issues that may arise because of the external directorship,
- c. Obtain approval in writing from Management at the appropriate level.

Where the external directorship is at the request of TSHC, the employee must:

- a. Refer to TSHC General Counsel with respect to representing TSHC's interests on a Board of Directors,
- b. Refer to Risk Management and Insurance Unit to ensure coverage under TSHC's outside director's liability insurance,
- c. Accrue any and all compensation to the Corporation,
- d. Ensure that the outside enterprise has adequate directors' liability and indemnification insurance.

Employees with approved external directorships must;

- a. Not influence or participate in any board decisions of the outside entity with respect to services provided by or supplied to TSHC,
- b. Absent themselves from any discussions or voting on issues affecting TSHC,
- c. Declare as income any compensation received as a result of the directorship,

- d. Understand that management approvals may be rescinded in the future if TSHC determines that the employee's involvement has become incompatible with serving the best interests of TSHC.

Employees with approved external directorships must obtain re-approval if there is or has been a material change to the nature or the terms of the external directorship.

Responsibilities of Approval Body

The CGHRC and Management must review external directorship requests for possible conflicts of interest. The employee's research should provide background to assist the approval body with the approval process. The approval body must:

- a. Decline external directorship requests where there is a conflict of interest that cannot be eliminated or effectively managed or where the external directorship may impact negatively on the employee's ability to perform satisfactorily at TSHC.
- b. Provide a written response approving requests, including circumstances where a conflict of interest exists but can be effectively managed.
- c. Review if the employee will receive some form of compensation/benefits or the enterprise has a business relationship with TSHC. In these cases, the manager should seek guidance from the TSHC Executive Officer to whom management most directly reports.
- d. Review the nature of the enterprise as part of the approval process for the Executive team. If the external directorship is with a public or private enterprise, the approval should be by the CEO and CGHRC Committee. If it is a smaller not-for-profit enterprise (e.g., community-based), the CEO can approve and forward to the CGHRC Committee for information.

Compliance

Management with the appropriate level of authority must review and approve all requests for external directorships. Approvals shall be in writing and maintained in a central compliance functional area. For Executive team, this may be the CEO's office.

An annual survey should be completed to ensure records are up to date and to ensure that the employee's involvement continues to be compatible with serving the best interests of TSHC.

Staff will be asked to disclose their external directorships at the point of hiring.

The CGHRC will review annually a current list of active directorships that fall within the scope of this policy as a means of active monitoring of related risks.

Related Policies and Procedures

- Employee Code of Conduct
- Employee Conflict of Interest

Commencement and Review

This policy will be reviewed by the Corporate Governance and Human Resources Committee in conjunction with the CEO two years from implementation.